

Draft Storyboard for Water Plan Update 2013 Finance Plan June 1, 2012

Purpose and Use

This document is intended to enable diverse California Water Plan stakeholders and planning partners to: (1) initiate discussions and develop a common language and vision surrounding state integrated water management (IWM)-related activities and funding¹; and (2) collaboratively develop a framework for planning future State government IWM activities and funding. The purpose of the eventual finance planning framework will be to synthesize information and stakeholder input such that it supports actionable State-administered IWM finance recommendations for State policymakers.

Assumptions about the Future

In order to develop practical decision support for future State IWM activities, many assumptions must be made about future conditions. The framework for preparing the finance plan will include a method for articulating priorities at different scales (regional and statewide) and under different sets of assumptions about the future. Assumptions and, in some cases, estimates will be made regarding key drivers, such as future funding levels, future climate expectations, planning horizons and perhaps more, as deemed relevant by water plan participants. Given that there are many different levels of uncertainty associated with various future assumptions and estimates, this framework will enable articulation of confidence levels (qualitative or quantitative) in conjunction with each assumption and estimate. The final recommendations will result from emerging patterns of activities/areas where future State IWM funding should be directed.

Overview

Eight components for developing the Update 2013 finance plan framework are listed below in the form of a storyboard. Note that the components indicate a logical order of information as opposed to work sequencing. The actual work plan will rely on parallel progress on several components. This document was refined based on many suggestions from the Public Advisory Committee, Finance Caucus and other participants. The following suggestions were used to guide the storyline presented below.

- Avoid presupposing any occurrence, scope or magnitude of future State IWM roles, programs, activities or funding.
- Establish key definitions early in the process.
- Build a framework that incorporates IWM perspectives of multiple jurisdictional scales (e.g. federal, State and local).
- Build a framework that incorporates the many actions or policies typically associated with IWM.
- For Update 2013, focus on the most critical IWM activities/needs/plans.
- Clarify the role of State government and focus the finance plan recommendations on actions to be administered by the State government.
- Clarify the role of federal government in implementing and funding IWM activities in California
- Include a method for making recommendations under a variety of possible future conditions, particularly regarding significant future funding constraints/limitations.

¹ Integrated water management is a collection of policies, practices and tools applied to water resources planning and management to achieve multiple objectives and enhanced outcomes.

COMPONENT 1 — SCOPE AND OUTCOMES

What is the scope of the finance plan in terms of targeted resource management objectives and outcomes? This is the first component in defining the scope of the State's future involvement in IWM activities and finance. This first component includes targeted benefits expressed at the federal, tribal, State, regional and local levels. Activities, policies and processes will be identified in Component 2 below.

The scope of the finance plan has been proposed and includes the following benefits:

- Drought preparedness.
- Energy benefits.
- Water quality.
- Water supply and supply reliability.
- Flood damage reduction.
- Recreation.
- Environmental.
- Fuel load reduction.
- Climate change risk reduction.
- Affordability.
- Groundwater overdraft reduction.
- Food security.
- Operational flexibility.

COMPONENT 2 — IWM ACTIVITIES

What IWM activities must occur to generate targeted benefits? In order to create actionable finance recommendations, the activities required to create the benefits identified in Component 1 must be identified. This component will be applied at both the regional and State levels. Information on activities, and their costs and expected benefits (including supporting information regarding any accompanying estimates, methods or assumptions), will be compiled from the 48 IRWM planning efforts. The State Agency Steering Committee will perform a similar task for State-administered IWM activities.

The framework will include categories for the activities for organization purposes but, more importantly, to apply an optimum scale for guiding State IWM investment (i.e., generally roll-ups of various types of regional projects or programs) in a way that is relevant to regional activities (i.e., generally project-level).

The following categories were developed by the Finance Caucus:

- Innovation and administrative activities (governance, planning and public process improvements, information technology/data and tools, and water technology research and development).
- Infrastructure (natural and human) (implemented at various geographical and jurisdictional scales such as local, groundwater basin, watershed, regional, interregional, State, interstate, international and tribal).

COMPONENT 3 — EXISTING FUNDING

What is the level and source of funding for the activities identified in Component 2? This component helps further focus the finance plan on critical resource management activities/services that are likely to require an expanded or new approach to funding. Historical funding will be quantified to the extent possible for contextual purposes.

COMPONENT 4 — FUNDING SUSTAINABILITY

What activities identified in Component 2 are currently unfunded, have no foreseeable funding alternatives or are currently funded in an unsustainable manner? Recognizing that many funding alternatives, sources, methods and constraints exist, a necessary component in State finance planning is to identify the most financially unsustainable or vulnerable funding sources, assumptions and/or expectations.

COMPONENT 5 – STATE ROLE AND PARTNERSHIPS

Which activities is State government best able to implement? This includes State-administered activities as well as the State's role in partnerships with federal, Tribal, regional or local entities. Update 2009 of the water plan recommends the State effectively lead, assist and oversee California's water resources and flood planning and management activities that: (1) regions cannot accomplish on their own, (2) the State can do more efficiently, (3) involve interregional or interstate issues, or (4) have broad public benefits. More specific criteria must be developed in order to define the State's role in funding IWM activities and help identify investment priorities. This section will include findings and recommendations regarding the State's future role in creating the benefits identified in Component 1. Multiple packages of recommended activities will be developed for the different planning horizons and sets of assumptions about the future.

COMPONENT 6 — FUTURE COSTS

How much will the State government's future role cost? The cost of State-administered activities/programs and any State local assistance roles (identified in Component 5) will be estimated and presented in this component. This component will evaluate opportunities to increase State government efficiencies.

COMPONENT 7 — FUNDING, WHO AND HOW

How will costs be distributed (and through what mechanisms) for the activities identified in Component 5? This component will describe alternatives and recommendations regarding governance, revenue sources, accountability (reporting on "return on/values of investment"), State government efficiencies and other mechanisms associated with funding and implementing the critical activities/services best administered by the State.

COMPONENT 8 — TRADE-OFFS

What are the trade-offs between the IWM activities identified under the various assumption sets? What are the implications of little to no State IWM investment for the foreseeable future? The trade-offs and implications can be expressed in terms of deferred implementation, forgone opportunities or benefits, investment savings and other favorable or unfavorable consequences of the two sets of IWM recommendations.